GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Infrastructure & Investment Dept -Amendment to the Andhra Pradesh Maritime policy (2024-29) to cater the evolving demands of the maritime and allied activities, and ensure alignment with the recently notified AP Industrial Development Policy and Sectoral Policies- Orders - Issued.
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INFRASTRUCTURE & INVESTMENT (PORTS) DEPARTMENT

G.O.MS.No. 10 Dated: 24-08-2025
Read the following:

1.G.O.Ms.No.21, I&I (Ports) Dept, dt.11.12.2024

2. E- file Comp.No.2640263 received from the CEO, APMB.

ORDER:

Government vide reference 1st read above, has issued Andhra Pradesh Maritime policy (2024-29) with the objective of promoting port-led and ship building infrastructure development, attracting investment, and enabling maritime infrastructure growth.

2) In the reference 2nd read above, the Chief Executive Officer, APMB has stated that subsequent to the release of AP Maritime Policy (APMP), 2024, the Government of Andhra Pradesh has introduced several sectoral policies, like AP Industrial Development Policy 4.0 and AP MSME & Entrepreneurship Development Policy 4.0 and A.P Tourism Policy and other sectoral policies, which have elaborated the incentive framework and provided clarity on investment classifications, timelines and disbursement mechanisms and therefore, the current AP Maritime Policy notified in the reference 1st read above needs to be improved and amended to enhance its robustness, improve investor-friendliness, and ensure alignment with the recently notified state industrial policies.

3) The Chief Executive Officer, AP Maritime Board has also stated that it is essential to incorporate similar incentive structures to the maritime and shipbuilding sector under AP Maritime Policy, particularly w.r.t to clarity on infrastructure support, eligibility criteria for incentives, and access to Central Government schemes. The MoPSW has also suggested that state-level support for shipbuilding activities be explicitly mentioned, especially in light

of India's renewed push to emerge as a global shipbuilding hub. Accordingly, a clear dovetailing mechanism is required to facilitate investor access to these central schemes while ensuring synergy with state-provided incentives. This will not only enhance investor participation but also enable better policy coherence between central and state-level maritime development frameworks. Hence, the Chief Executive Officer, APMB, after detailed deliberations with the state holder Associations/departments has requested for certain amendments to the AP Maritime Policy (2024-29).

4) Government after careful examination, hereby issue the amend (with the additions, deletions and modifications thereon) to Andhra Pradesh Maritime Policy (2024-29) issued in the reference 1st read above, as **Annexure** to this Government Order (G.O).

5) The Chief Executive Officer, AP Maritime Board is requested to release a amended policy as a single document.

6) This order issues with the concurrence of the Finance (FMU.Energy, I&C, I&I) Dept vide their U.O.Note.FIN01-FMU0ASD (IIE)/18/2024 Computer No. 2640899, dt.04.08.2025 and informed that the financial implications has to be met from the internal resources of AP Maritime Board.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N. YUVARAJ
SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, Andhra Pradesh Maritime Board, Mangalagiri.
Copy to:
The Finance (FMU-I&I, Energy and I&C) Dept.,
The General Administration (Cabinet) Dept.,
The P.S to Hon'ble Minister for I&I
The P.S. to Chief Secretary to Govt.,
The P.S. to Secretary to Hon'ble Chief Minister.
The P.S. to Secretary to Govt., I&I Department.
(C.No.INI01-PORT/88/2024, Comp.No.1884067)
Sf/Sc

//FORWARDED :: BY ORDER//

SECTION OFFICER

Annexure to the G.O.Ms.No.10, I&I (PORTS) Dept, dt.24.08.2025

I. The Amendments are made to the "Andhra Pradesh Maritime Policy" as given below.

a. Three distinct investment brackets have been defined to classify eligible projects. This categorization is aligned with AP Industrial Development Policy 2024-29 framework and ensures seamless integration of maritime sector incentives within the State's broader industrial policy ecosystem: (i) MSME Units: Investment up to INR 125 Cr (ii) Sub-Large Projects: INR 125 Cr to INR 500 Cr (iii) Large Projects: INR 500 Cr to INR 1,000 Cr

b. The incentives have been further bucketed into two major categories.

(i) Marine Infrastructure Development - This category covers incentives applicable to physical infrastructure creation, including port development, development of port-proximal industrial areas, establishment of shipyards, and construction of terminals for inland and coastal shipping. These incentives aim to attract capital-intensive investments and promote long-term infrastructure growth. Following are the eligible maritime activities:-

- Development of greenfield and brownfield non-major ports, including expansion of berths, dredging, and associated marine infrastructure.
- Construction and modernization of cargo and cruise terminals, including multipurpose terminals, Ro-Ro and passenger jetties.
- Creation of shipbuilding and ship repair infrastructure, including fabrication yards, dry docks, slipways, hull workshops, and MRO facilities.
- Establishment of facilities to enhance inland waterways connectivity, such as cargo terminals, loading/unloading points, navigational infrastructure, and multimodal handling systems.

- Maritime logistics and allied infrastructure, including bunkering stations, coastal logistics hubs, or inland depots

(ii) Maritime Activity Enablement - This category is focused on enhancing operational maritime activities within Andhra Pradesh. The incentives are linked to ongoing business operations such as cargo handling, vessel movement, and shipping services. The objective is to position Andhra Pradesh as a sustainable and competitive hub for maritime commerce.

Implications:

- Greater alignment with the provisions of Andhra Pradesh Industrial Development Policy *4.0* will help rationalize the financial outlay under this policy, thereby reducing fiscal burden on the State.
- The proposed incentive framework will boost investor confidence in marine infrastructure development, particularly for capital-intensive projects that are critical to port-led industrialization. Classification of projects by size (MSME, Sub-Large, and Large) enables tailored support aligned with the scale and impact of the investment.
- Furthermore, by explicitly excluding projects awarded through competitive Public-Private Partnership (PPP) concessioning, the policy clearly delineates the scope of incentive applicability. This ensures that benefits are directed toward strategic, facilitation-driven investments rather than competitively bid-out projects with predefined commercial terms.

The first category of incentives pertains to maritime infrastructure development, aimed at supporting capital investment in ports, port-adjacent areas, shipyards, and coastal/inland terminals.

II. New Incentives under Section 8: Pillar 1:

Investment Subsidy:

GoAP shall extend a capital investment subsidy on the Fixed Capital Investment (FCI) incurred by eligible enterprises. It will be a one-time subsidy subjected to defined investment thresholds and project category:

MSME (< INR 125 Cr)	Sub-Large Projects, between INR 125 Cr to 500 Cr	Large Projects, Between INR 500 Cr to 1,000 Cr
Investment Subsidy of 25% of FCI, capped to • 1 Cr for Micro • 6 Cr for Small • 10 Cr for Medium	Capital Subsidy of 12% of FCI, disbursed over 5 equal annual installments	Capital Subsidy of 12% of FCI, disbursed over 7 equal annual installments

Power Subsidy:

Industrial Tariff to continued to be applicable to port related projects. Additionally, the following incentives provided:

MSME (< INR 125 Cr)	Sub-Large Projects, between INR 125 Cr to 500 Cr	Large Projects, Between INR 500 Cr to 1,000 Cr
INR 1 Rs/unit reimbursement, with annual of cap: - 1.5 Lakhs per annum for Micro - 10 Lakhs per annum for Small - 15 Lakhs per annum for Medium	INR 1 Rs/unit reimbursement, with annual of cap 15 Lakhs per annum, for 2 years	Capital Subsidy of 12% of FCI, disbursed over 7 equal annual installments

Net SGST reimbursement:

GoAP shall provide reimbursement of net SGST paid by eligible enterprises engaged in port development and associated maritime activities.

MSME (< INR 125 Cr)	Sub-Large Projects, between INR 125 Cr to 500 Cr	Large Projects, Between INR 500 Cr to 1,000 Cr
100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)

Mega project Definition	
Mega project definition not mentioned in this pillar	Mega project: All projects with Fixed capital investment > INR 1,000 Cr In line with AP Industrial Development Policy.

- These incentives are provided only for projects not being awarded under a competitive Concessionaire selection process by APMB or any other competitive authority for activities covered under APMP.
- These incentives are provided for infrastructure for all maritime activities, including ports, terminals, infrastructure for building ships, infrastructure for inland waterways, cruise terminals etc.
- All incentives capped at 75% of eligible Fixed capital investment.

III. Amendments to Incentives under Section 8: Pillar 1: Port & Terminal Development

Clause No.	Clause	MSME (< INR 125 Cr)	Sub-Large Projects, between INR 125 Cr to 500 Cr	Large Projects, Between INR 500 Cr to 1,000 Cr
2	Exemption from non-agricultural assessment charges	One time 100 % reimbursement	One time 100 % reimbursement	One time 100 % reimbursement
4	Exemption from electricity duty during construction	100% reimbursement of electricity duty for a period of 3 years.	100% reimbursement of electricity duty for a period of 5 years.	100% reimbursement of electricity duty for a period of 7 years.
5	Stamp duty exemption	100% Reimbursement of stamp duty/transfer duty for the first transaction	100% Reimbursement of stamp duty/transfer duty for the first transaction	100% Reimbursement of stamp duty/transfer duty for the first transaction

IV. Removal of the following incentives in lieu of providing new incentives under Section 8: Pillar 1:

Clause No.	Clause in present policy	MSME (< INR 125 Cr)
1	**Exemption from royalty on Minor Minerals**	**Removed**
2	**Port Dues: Exemption from port dues for new port projects**	**Removed**
7	**Exemption of SGST for the construction phase**	**Removed**

V. Amendments to Incentives under Section 8: Pillar 2: Port Proximal Area Development

- Alignment of all incentives for manufacturing for MSME sector with revised MSME policy
- Alignment of all incentives for Sub-Large, large, mega and ultra-mega with Andhra Pradesh Industrial Development Policy 2024-29
- Definitions of Sub-Large, large, Mega & Ultra-Mega in line with definitions in Andhra Pradesh Industrial Development Policy 2024-29

VI. Amendments to Incentives under Section 8: Pillar 3: Shipyard and Cluster Development

Similarly, following changes are made in the ship building section in the Andhra Pradesh Maritime Policy as given below:-

Clause No.	Clause in Present Policy	Amended As
1	Pre-feasibility study for location identification.	Government of Andhra Pradesh shall extend the following support for pre-feasibility studies:-

Clause No.	Clause in Present Policy	Amended As
	a. GoAP will carry out a study for the identification of suitable locations or potential areas for the establishment of infrastructure for shipyards (shipbuilding/ship repair). b. The land will be identified under the following categories showcased in the order of priority for land allotment: I. Identified maritime clusters. II. Additional	a. Government-funded Studies - For locations where pre-feasibility studies have been conducted by the State Government and GoI, the findings and reports will be shared with interested investors to facilitate informed decision-making. b. Investor-funded Studies - Investors opting to conduct independent pre-feasibility studies in new locations shall be eligible for reimbursement of 75% of the study cost, subject to a maximum limit of INR 5 crore. The incentive shall apply to greenfield and brownfield shipyards. The study must be conducted by accredited firms or domain experts, and full documentation (TOR, cost sheet, final report) must be submitted during claim. The study should cover the following parameters: a. Bathymetric and geotechnical surveys b. Market demand and cargo potential analysis c. Environmental and coastal regulatory

Clause No.	Clause in Present Policy	Amended As
	land available in ports under APMB. Standalone greenfield projects in identified and viable land parcels.	constraints d. Connectivity, logistics viability, and land availability e. Financial and operational feasibility This reimbursement shall be disbursed after commencement of commercial operations of the proposed project. (one time per shipyard)
2	Tax Benefits - Tax credits on R&D investments in green technologies and ecofriendly vessels.	R&D Incentive(Reimbursement-Based Support) - 100% reimbursement of eligible R&D expenses incurred on green technologies and eco-friendly vessels shall be extended, subject to a cap of 5% of the Fixed Capital Investment (FCI) made towards shipbuilding infrastructure. Eligible R&D activities shall include: a. Development of electric/hybrid propulsion systems. b. Hull design innovations for energy efficiency. c. Use of alternative fuel technologies (e.g., hydrogen, ammonia, biofuels). d. Waste and emission minimization technologies Eco-friendly material innovations for ship construction. (one time per entire shipyard)

Clause No.	Clause in Present Policy	Amended As
2	Land Allotment rates and Lease Terms	Land shall be provided to eligible maritime projects at subsidized rates, on a long-term lease basis ranging from 30 to 60 years, at nominal lease rentals to promote capital-intensive infrastructure development. Land lease rates shall be determined in accordance with the prevailing norms under the APIIC Land Allotment Policy. For port-adjacent or waterfront-related projects, land allotment and lease rentals shall be governed by the APMB Port Land Allotment Policy, including Waterfront Royalty (WFR) rates wherever applicable.
2	Tax Benefit - Exemption of custom duties on raw material	State shall facilitate access to exemptions or reimbursements as notified under relevant Government of India schemes and policies. This includes coordination support, documentation assistance, and necessary endorsements to enable eligible projects to avail central fiscal benefits aligned with their sectoral activities.
3	Interest rate subventions on loans for new	GoAP will facilitate access to financial support schemes offered by the Government of India, through the Maritime Development Fund (MDF).

Clause No.	Clause in Present Policy	Amended As
	shipbuilding projects.	Facilitation will include the following:- a. Guidance to eligible shipbuilders on accessing credit-linked schemes. b. Coordination with financial institutions and central nodal agencies c. Support in preparing and submitting project proposals in line with MDF or equivalent scheme guidelines Tracking and escalation of subsidy claims wherever needed.
3	Subsidies on shipbuilding costs for indigenous ships	GoAP will act as a facilitation agency to help eligible enterprises access Shipbuilding Financial Assistance Policy (SBFAP) or any other schemes notified by the Ministry of Ports, Shipping and Waterways (MoPSW). Facilitation Support will include the following:- a. Guidance on application process for central schemes. b. Assistance in documentation, compliance, and claim submission. c. Liaison with relevant central ministries for expedited processing Project validation support for adherence to scheme criteria (e.g., indigenous value addition, tonnage thresholds, or category-specific eligibility)

Clause No.	Clause in Present Policy	Amended As
3	Subsidy of 2 -5% on goods and services procured from MSMEs registered in AP	Eligible enterprises engaged in shipbuilding will be provided 100% reimbursement of Net SGST for a period of 10 years. This incentive applies to goods and services directly linked to shipbuilding activities, including procurement of raw materials, components, equipment, and sub-contracted services. Capped at 5% of sale price of vessel. Total cap of 20% of FCI for 5 vessels.
3	Provision of access to water and electricity @50% subsidized rate for a period of 10 years and an increase @10% on Y-o-Y basis for the subsequent 5 years.	From the date of commencement of operations, eligible shipyards and maritime infrastructure units shall be provided access to water at a progressively declining subsidized rate, as follows:- • 50% discount on applicable water charges in Year 1 • 40% discount in Year 2 • 30% discount in Year 3 • 20% discount in Year 4 10% discount in Year 5
3	Provision of access to water and electricity @50% subsidized rate for a period of 10	From the date of commencement of operations, eligible maritime enterprises shall be provided reimbursement on electricity expenses as per the following schedule:-

Clause No.	Clause in Present Policy	Amended As
	years and an increase @10% on Y-o-Y basis for the subsequent 5 years.	• 50% reimbursement of electricity cost in Year 1 • 40% reimbursement in Year 2 • 30% reimbursement in Year 3 • 20% reimbursement in Year 4 10% reimbursement in Year 5 (annual cap – 15 L for entire shipyard)
4	Exemption of WFR - Up to 10% cargo charge exemption for shipbuilding raw materials.	To promote indigenous shipbuilding and incentivize early operationalization of new shipyards, the Government of Andhra Pradesh shall extend a production-linked incentive as follows: A reimbursement of 5% of the construction cost shall be provided for each of the first five (5) ships built by the shipyard within five (5) years from the commencement of commercial operations. The total incentive disbursed under this scheme shall be capped at 25% of the Fixed Capital Investment (FCI) incurred towards the creation of the shipyard's infrastructure.
5	Stamp duty reimbursement	Eligible maritime infrastructure projects shall be provided a 100% reimbursement of stamp duty. This incentive shall be applicable for the first transaction executed for the purpose of establishing shipyards, and shipyard ancillaries.

Clause No.	Clause in Present Policy	Amended As
7	Exemption from Electricity Duty - For the first 10 years of operations for Shipyards as well as ancillary industries in the identified clusters.	The eligible enterprises engaged in shipbuilding and allied ancillary activities within notified maritime clusters shall be provided 100% exemption from Electricity Duty for a period of 5 years from the date of commencement of operations. This incentive is applicable to:- a. Shipyards and modular fabrication yards. b. Ancillary units involved in component manufacturing, outfitting, and repair services. c. Units operating within government-designated maritime industrial clusters.

Mega project Definition	
Mega project definition not mentioned in this pillar	Mega project: All projects with Fixed capital investment > INR 1,000 Cr.

VII. New Incentives under Section 8: Pillar 4: Maritime Allied Activities

Similarly, following amendments are made for enhancing maritime operations and growthin the state, as given below:-

Clause No.	Vessels arriving for the following purposes	Amended As
1	Coast based Shipping	100% Reimbursement on port dues

	(Either coastal or international shipping)	and other dues as per rates affixed in "Scale of Rates" (SOR) published by APMB, for a period of 2 years, given to shipping operator
2	Water Tourism	100% Reimbursement on port dues as per rates affixed in "Scale of Rates" (SOR) published by APMB, for a period of 2 years, given to shipping operator.
3	Cruise Tourism	100% reimbursement on dues as per rates affixed in "Scale of Rates" (SOR) published by APMB, for a period of 2 years, given to shipping operator.
4	Flotels, houseboats, seaplanes and amphibian buses	100% reimbursement on dues for as per rates affixed in "Scale of Rates" (SOR) published by APMB, for a period of 2 years, given to shipping operator.

These incentives are available only for registered operators with APMB. These incentives shall be applicable only to non-major, non-captive ports and terminals that are developed by the Government of Andhra Pradesh, either directly or through public-private partnership models post notification of this policy. This includes greenfield ports. Incentive is only applicable for registered shipping operators.

All incentives under AP Tourism policy 2024-29 and AP Integrated Clean Energy Policy 2024-29, including their amendments, will contribute to be available for relevant projects in maritime sector.

VIII. The following incentives have been withdrawn as part of broader modifications to the policy structure, ensuring alignment and streamlined fiscal support:

Category	Incentive Type	Details
Coastal Shipping	Tailor-made incentive	Tailor-made incentives for transportation of non-captive cargo via coastal shipping within the state or from any other Indian port, and for sustainable shipping operations.
	Waterfront Royalty (WFR)	50% WFR concession for coastal shipping within AP.
	Exemption from VAT	VAT exemption on High-Flash High-Speed Diesel for Ro-Ro / Ro-Pax operations within AP.
	Viability Gap Funding (VGF)	Facilitates inland waterway & coastal shipping project development with VGF for an initial period of 3 years based on techno-economic study.
Water Tourism	Waterfront Royalty (WFR)	Tailor-made incentives on WFR in proportion to employment and investment generated.
Cruise Tourism	Port Dues	25% discount on Port Dues for cruise liners in AP.

Category	Incentive Type	Details
	Passenger Levy	Tailor-made incentives with a range of 25–50% exemption.
Flotels, Houseboats, Seaplanes, Amphibian Buses	Port Dues	25% concession on Port Dues for all new flotels, houseboats, seaplanes, amphibian buses, fishing vessels, harbor/river cruises, and floating cottages.
	Passenger Levy	Tailor-made incentives with a range of 25–50% exemption on fees.
Mega Projects (Special Package)	Customized Incentive Package	Mega projects with PCI > INR 3000 Cr can avail multiple fiscal incentives if they have multiple development components, to be tailor-made.

IX. Elaboration of PPP Model:

1. PPP Model for Port Operations: Port terminal and cargo operations will be undertaken through the Public-Private Partnership (PPP) model, in line relevant guidelines notified by Government of India from time to time

a. The RFP will be floated for seeking market participation Criteria for evaluation of a bid will be Royalty per MT/ Revenue share.
b. Bid process management will take place through a Transaction Advisory team on boarded by APMB.
c. APMB will take efforts to facilitate global port operators to operate terminals and bring efficiency in port operations.

2. **Selection Process for Operators:** A Request for Proposal (RFP) will be issued to identify and select suitable terminal operators.
3. **Concession Agreement:** Selected operators will enter into a Concessionaire Agreement, which will clearly outline the royalty share and revenue-sharing terms.
4. **Proposal Evaluation:** All proposals will be assessed by the APMB Technical Committee based on pre-defined evaluation matrices. Proposals seeking incentives beyond the defined policy scope will be routed to the State Investment Promotion Committee (SIPC) for final approval.
5. **Land Allotment for Port Projects:** Land allocation for port-related infrastructure will be governed by the APMB's land allotment policy and applicable guidelines.
6. Global players will also be facilitated and considered for participation under the schemes in this document

X. Ship Building – Land allotment Process :

1. **Land Allotment Process:** Land allocation shall be governed by the Andhra Pradesh Maritime Board (APMB)'s land allotment guidelines.
2. **Lease Tenure:** Land will be allotted on a leasehold basis for a period of 30 years.
3. **Discounted Lease or Land Cost Incentives:** In cases where investors request concessions on lease rent or land cost, the APMB Land Allotment Committee will determine the eligible discounted rate. Proposal will be sent through the State Investment Promotion Committee (SIPC) for availing concession.

4. **Evaluation of Competing Proposals:** When multiple proposals are received for the same shipbuilding infrastructure development site, the Detailed Project Reports (DPRs) will be assessed by a designated technical committee using pre-defined evaluation metrics, through a competitive Bidding process / RFP.

N.YUVARAJ
SECRETARY TO GOVERNMENT